

November 8, 2006

DEPARTMENT OF ENERGY
OFFICE OF HEARINGS AND APPEALS

Application for Exception

Name of Case: Farmers Cooperative Oil Co.

Date of Filing: August 15, 2006

Case No.: TEE-0037

On August 15, 2006, the Farmers Cooperative Oil Co. (Farmers Co-op) filed an Application for Exception with the Office of Hearings and Appeals (OHA) of the Department of Energy (DOE). The firm requests that it be relieved of the requirement to prepare and file the Energy Information Administration (EIA) Form EIA-782B, entitled "Resellers'/Retailers' Monthly Petroleum Product Sales Report." As explained below, we have determined that the request should be denied.

I. Background

The DOE's Energy Information Administration (EIA) is authorized to collect, analyze, and disseminate energy data and other information.¹ The EIA-782B reporting requirement grew out of the shortages of crude oil and petroleum products during the 1970s. In 1979, Congress found that the lack of reliable information concerning the supply, demand, and prices of petroleum products impeded the nation's ability to respond to the oil crisis. It therefore authorized the DOE to collect data on the supply and prices of petroleum products. This information is used to analyze trends within petroleum markets. Summaries of the information and the analyses are reported by EIA in publications such as "Petroleum Marketing Monthly." This information is used by Congress and state governments to project trends and to formulate national and state energy policies. Access to this data is vital to the nation's

¹ 15 U.S.C. § 772(b); 42 U.S.C. § 7135(b).

ability to anticipate and respond to potential energy shortages.²

Form EIA-782B is a monthly report, pursuant to which resellers and retailers report the volume and price of sales of motor gasoline, No. 2 distillates, and propane. In order to minimize the reporting burden, the EIA periodically selects a relatively small sample of companies to file Form EIA-782B³ and permits reporting firms to rely on reasonable estimates.⁴

II. Exception Criteria

OHA has authority to grant exception relief where the reporting requirement causes a "special hardship, inequity, or unfair distribution of burdens."⁵ Since all reporting firms are burdened to some extent by reporting requirements, exception relief is appropriate only where a firm can demonstrate that it is adversely affected by the reporting requirement in a way that differs significantly from similar reporting firms.

The following examples illustrate some of the circumstances that may justify relief from the reporting requirement. We have granted exceptions where: the applicant's financial condition is so precarious that the additional burden of meeting the DOE reporting requirements threatens its continued viability;⁶ the only person capable of preparing the report is ill and the firm cannot afford to hire

² See H.R. Rep. No. 373, 96th Cong., 1st Sess., reprinted in 1979 U.S. Code Cong. & Admin. News 1764, 1781 (H.R. Report 373).

³ Firms that account for over five percent of the sales of any particular product in a state are always included in the sample of firms required to file the form. A random sample of other firms is also selected. This random sample changes approximately every 24 to 30 months, but a firm may be reselected for subsequent samples. A firm that has been included in three consecutive random samples will generally not be included in a fourth consecutive sample, but may be included in a later sample.

⁴ Form EIA-782B stipulates that the firm must make a good faith effort to provide reasonably accurate information that is consistent with the accounting records maintained by the firm. The firm must alert the EIA if the estimates are later found to be materially different from actual data.

⁵ 42 U.S.C. § 7194(a); see 10 C.F.R. § 1003.25(b)(2).

⁶ *Mico Oil Co.*, 23 DOE ¶ 81,015 (1994) (firm lost one million dollars over previous three years); *Deaton Oil Co.*, 16 DOE ¶ 81,026 (1987) (firm in bankruptcy).

outside help;⁷ extreme or unusual circumstances disrupt a firm's activities;⁸ a combination of factors renders the reporting requirement an undue burden.⁹

On the other hand, when considering a request for exception relief, we must weigh the firm's difficulty in complying with the reporting requirement against the nation's need for reliable energy data. Inconvenience alone does not constitute a hardship warranting relief.¹⁰ Similarly, the fact that a firm is relatively small or that it has filed reports for a number of years does not constitute a basis for exception relief. If firms of all sizes, both large and small, are not included, the estimates and projections generated by the EIA's statistical sample will be unreliable.¹¹

III. The Farmers Co-op Application for Exception

Farmers Co-op filed its exception application in August 2006.¹² Based upon a review of the application, we concluded that there was not sufficient information to permit us to act favorably on the request. We offered Farmers Co-op the opportunity to submit additional information, but it did not do so.¹³

Farmers Co-op -- an Iowa based cooperative -- states that the EIA reporting requirement presents an undue burden. To support its assertion, the firm states it is small and its profits are low. The firm also states that it has

⁷ *S&S Oil & Propane Co.*, 21 DOE ¶ 81,006 (1991) (owner being treated for cancer); *Midstream Fuel Serv.*, 24 DOE ¶ 81,023 (three month extension of time to file reports granted when two office employees simultaneously on maternity leave); *Eastern Petroleum Corp.*, 14 DOE ¶ 81,011 (1986) (two months relief granted when computer operator broke wrist).

⁸ *Little River Village Campground, Inc.*, 24 DOE ¶ 81,033 (1994) (five months relief because of flood); *Utilities Bd. of Citronelle-Gas*, 4 DOE ¶ 81,205 (1979) (hurricane); *Meier Oil Serv.*, 14 DOE ¶ 81,004 (1986) (three months where disruptions caused by installation of a new computer system left firm's records inaccessible).

⁹ *Ward Oil Co.*, 24 DOE ¶ 81,002 (1994) (exception relief for 10 months was granted where personnel shortages, financial difficulties, and administrative problems resulted from the long illness and death of a partner).

¹⁰ *Glenn W. Wagoner Oil Co.*, 16 DOE ¶ 81,024 (1987).

¹¹ *Mulgrew Oil Co.*, 20 DOE ¶ 81,009 (1990).

¹² Conversation between Ronald D. Hester, OHA and Tammy Heppner, EIA on August 18, 2006.

¹³ Letter from Ronald Hester, OHA to Mr. Vern Pruin, Farmers Co-op dated October 10, 2006.

completed the Form for a number of years and that a larger firm could provide more relevant data.¹⁴

IV. Analysis

The Form EIA-782B reporting burden is not onerous. Form EIA-782B requires little more than the essential type of pricing, supply, and inventory data that is required to operate a business. The EIA estimates that it should normally take approximately two and one-half hours per month for a firm to fill out EIA-782B.¹⁵ The burden of this requirement can be substantially reduced by the use of estimates.¹⁶

In the course of considering the Farmers Co-op application, we contacted a representative from the EIA and obtained the following information. As a non-certainty firm, Farmers Co-op was randomly selected to report on Sample 12 from (January 1997 to March 1999) and Samples 14/15 from (January 2002 to the present).¹⁷ Farmers Co-op was not included in Sample 13.¹⁸

The Farmers Co-op main arguments -- that the firm has low profitability, is small, and has completed the Form for a number of years -- do not indicate that the firm is experiencing a burden significantly greater than that experienced by other filers.¹⁹ Although the firm cites low profits, it does not claim a serious financial hardship. Moreover, the small size of the firm and its reporting history do not justify relief. As discussed above, in order to obtain accurate information about the supply and demand for petroleum products, the EIA selects firms at random, may choose the same firm to participate in multiple EIA surveys, and requires data from firms of all sizes. Firms are periodically rotated in and out of the EIA survey

¹⁴ The Farmers Co-op Application for Exception, submitted to OHA on August 9, 2006.

¹⁵ See Section 10 of General Instructions to Form EIA- 782B.

¹⁶ See Section 7 of the General Instructions to Form EIA-782B.

¹⁷ Conversation between Ronald Hester, OHA and Tammy Heppner, EIA on August 18, 2006.

¹⁸ *Id.*

¹⁹ See *Mulgrew Oil Co.*, 20 DOE ¶ 81,009 (1990) (providing that if firms of all sizes, both large and small, are not included, the estimates and projections generated by the EIA's statistical sample will be unreliable); see also *Taylor Oil Co.*, 27 DOE ¶ 81,010 (2000) (relief denied where the firm had participated in filing the reports for many years).

pool and those that are not chosen during one rotation may be selected to participate as part of a subsequent sample.

As the foregoing indicates the firm has not demonstrated that it meets the standards for exception relief. Accordingly, we have determined that the exception request should be denied.

IT IS THEREFORE ORDERED THAT:

- (1) The Application for Exception filed by Farmers Cooperative Oil Co., Case No. TEE-0037, be, and hereby is, denied.
- (2) Administrative review of this Decision and Order may be sought by any person who is aggrieved or adversely affected by the denial of exception relief. Such review shall be commenced by filing a petition for review with the Federal Energy Regulatory Commission within 30 days of the date of this Decision and Order pursuant to 18 C.F.R. Part 385, Subpart J.

George B. Breznay
Director
Office of Hearings and Appeals

Date: November 8, 2006